Chain Store Age
EXECUTIVE
with Shopping Center Age
The newsmagazine for retail operations

CSS '81 Preview

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Jack Shewmaker—Guiding Wal-Mart into the 1980's

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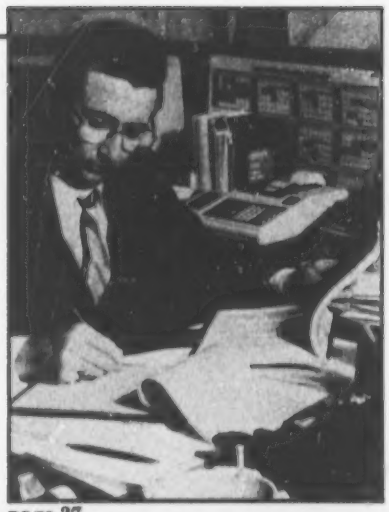

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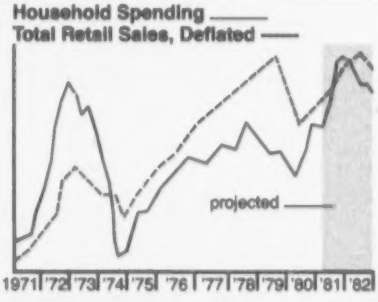
Retail rebound just around the corner



Total Retail

Sales Change By Quarter

	'80 1Q %	'80 2Q %	'80 3Q %	'80** 4Q %	'81** 1Q %	'81** 2Q %	'81** 3Q %	'81** 4Q %	12-Month % Change '79 %	'80 %	'81** %
Sales include Inflation	8.9	– 1.6	2.9	6.2	5.7	13.3	9.4	9.5	12.0	4.9	9.0
Real sales (Deflated)*	– 1.7	– 11.0	– 7.0	– 3.8	– 2.0	6.3	3.9	5.3	2.0	– 6.0	3.0

*Base = Nov. 1980 Sales
**Projected

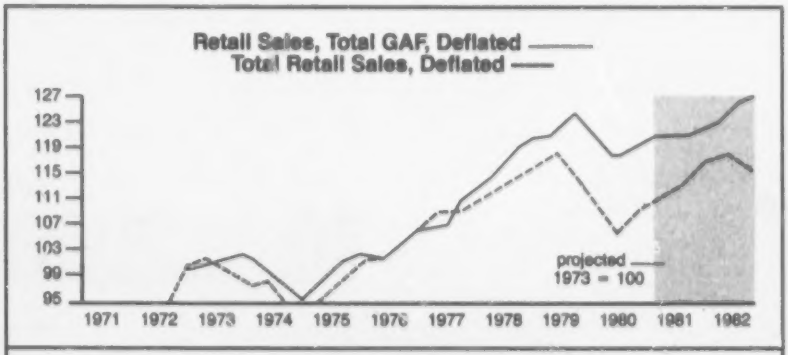
Two months ago, the L/F Econocycle composite on household spending (chart below) began to trace a grassroots recovery in retail sales. (Through the 70's, the index has, in fact, accurately led and "mirrored" the major twists and turns in retail sales performance.)

This month, despite a recent barrage of interest rate impacts, retail sales are continuing to show a strong "kick" and appear to be heading for a sharp improvement in the second quarter.

Household spending as a key index, the trendlines show, is already moving at a hotter pace than retail sales. As in 1972-73, household spending is projected to drive above sales levels on the index scale for the first time since mid-1974. (But the trend to watch is later in the year when the curve may start nosing downward again.

The L/F Econocycle projection is for a steep gain of 6% or more in the second period, followed by a solid upward "lift" through the balance of the year. Looking at how specific segments of retailing will perform, these trends stand out:

- Apparel/specialty stores are projected for steep gains again—picking up momentum from the second quarter on.
- GAF (general merchandise, furniture/appliance and apparel) seem to be heading for a 2% second quarter gain, followed by a 3% jump in the third quarter.
- Drug stores are the strongest of all retail segments with gains forecast in every quarter of 1981.



Sales/Include Inflation
% Change By Quarter

		Total Retail Stores	Food Stores	Eating & Drinking	Building Materials Hardware Stores	Drug Stores	Furniture & Appliance Stores	Apparel Stores	General Merchandise Stores	GAF Stores
1980	1Q	8.9	10.5	8.6	7.6	12.0	9.3	5.7	8.9	8.2
	2Q	– 1.6	10.0	7.9	– 8.9	10.9	1.4	6.5	4.8	4.5
	3Q	2.9	11.6	7.4	– 9.2	10.1	– 0.4	4.9	4.4	3.4
	4Q	6.2	10.3	4.8	– 2.7	13.3	5.2	6.4	5.2	5.5
1981	1Q**	5.7	10.0	3.9	1.2	9.8	8.1	5.7	5.5	5.7
	2Q**	13.3	9.9	7.4	14.3	10.5	13.6	7.8	8.7	9.5
	3Q**	9.4	8.4	10.0	5.4	10.8	11.8	8.3	7.1	8.4
	4Q**	9.5	8.5	8.8	– 2.9	8.2	10.7	8.5	4.4	6.6
% change 12 mos.	1979	12.0	11.0	9.0	14.0	9.0	14.0	9.0	9.0	10.0
	1980	4.0	10.0	7.0	– 3.0	11.0	3.0	6.0	6.0	5.0
	1981**	9.0	9.0	7.0	4.0	10.0	10.0	7.0	6.0	7.0

Real Sales (Deflated)*
% Change By Quarter

		Total Retail Stores	Food Stores	Eating & Drinking	Building Materials Hardware Stores	Drug Stores	Furniture & Appliance Stores	Apparel Stores	General Merchandise Stores	GAF Stores
1980	1Q	– 1.7	5.3	– 1.5	– 2.1	3.9	3.8	1.0	1.7	2.0
	2Q	– 11.0	4.6	– 1.4	– 17.8	1.8	– 4.4	2.3	– 2.3	– 1.8
	3Q	– 7.0	2.3	– 1.7	– 18.3	0.4	– 7.1	0.4	– 3.3	– 3.3
	4Q	– 3.8	– 0.8	– 3.9	– 12.0	3.3	– 1.3	1.5	– 2.6	– 1.4
1981	1Q**	– 2.0	– 2.7	– 3.9	– 8.4	1.4	– 0.2	1.5	– 1.2	– 0.4
	2Q**	6.3	– 3.1	– 1.1	6.8	4.1	7.1	2.6	2.2	3.3
	3Q**	3.9	– 0.8	1.2	– 1.9	6.2	5.8	3.1	1.0	2.5
	4Q**	5.3	2.4	0.9	– 9.9	5.1	4.6	3.9	– 1.7	0.9
% change 12 mos.	1979	2.0	1.0	– 2.0	5.0	2.0	8.0	6.0	3.0	4.0
	1980	– 3.0	3.0	– 2.0	– 12.0	2.0	– 2.0	1.0	– 2.0	– 1.0
	1981**	3.0	– 1.0	– 1.0	– 3.0	4.0	4.0	3.0	—	1.0

*Base = Nov. 1980 Sales **Projected

About Econocycle

The source for the L/F Econocycle index is the Econostat Applied Economic Research Unit of The Hague, Holland. This unit consults for Government and major corporations on three continents. Its projection techniques are based on the Econocycle System, a computerized system designed by the Econostat team of economists.

Because of the changing pace of inflation in the United States, retail sales figures in the L/F Econocycle projections have been adjusted to take account of inflation. All statistics are shown in *real* terms. The charts (above, facing) represent the trend cycle. The data has been seasonally adjusted and smoothed—and is updated each month. Source for current sales and the deflator series is the U.S. Department of Commerce.

Where an *Index Base* is indicated, the data is converted to index numbers, starting from a common base (=100) in order to establish meaningful performance comparisons.